

Approved ☒ Disapprove ☐Approved with advisory ☐

[REDACTED] 2/14/84 [REDACTED] 3/2/84
 TLS Date Reviewer Date

CERTIFIED MAIL

NOV 30 1983

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax as an organization described in Section 501(c)(2) of the Internal Revenue Code.

The data you submitted discloses that you were incorporated under the [REDACTED] on [REDACTED]. Your purpose as stated in your Articles of Incorporation is to own and operate residential real property as cooperative housing and to provide homeownership opportunities for your members.

You are a membership organization. Article 3 Section 1 of your ByLaws states: "There are [REDACTED] () memberships in the cooperative, each of which is allocated to one residential unit at [REDACTED]. The board of directors shall set the price of each membership based upon the proportionate value of the residential unit in relation to that of the property as a whole. There shall be only one membership per residential unit but if more than one person is entitled to occupy the same unit, they may purchase and share equally one joint membership."

In the application you state your organization was organized to own and operate residential real property as cooperative housing for low-moderate income families. On [REDACTED] you purchased the building at [REDACTED], from the owners of the building. Your cooperative is made up of the former tenants of the building. Since the purchase of the building your cooperative has been in the initial phase of organizing and planning fund raising activities to reduce the cost of operations of the cooperative. Future activities include and are not limited to the sale of confections and the sponsoring of bus trips and dances.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Date	11-23-83	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

Section 501(c)(2) of the Code provides for the recognition of exemption of corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses to an organization which itself is exempt under section 501(a).

Section 1.501(c)(2)-1(b) of the Income Tax Regulations provides that a corporation described in section 501(c)(2) cannot accumulate income and retain its exemption, but it must turn over the entire amount of such income, less expenses, to an organization which is itself exempt from tax under section 501(a).

The data you have submitted and as set forth in this letter establishes that you are not a corporation organized and operated for the exclusive purpose of holding title to property for an organization that is itself exempt under section 501(a) of the Code, collecting income from the property, and turning over the entire amount of such income, less expenses, to the organization.

Accordingly it is held that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(2) of the Code.

We have also considered your application under other sections of 501 (a) of the Code and it is concluded that as organized and operated you would not qualify for exemption under any other section of the Code.

Since you have not been granted exemption from income tax you are required to file Federal income tax returns on Form 1120.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient District Office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]
District Director

Enclosure